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Acting Chief, S/TD

9 January 1958

Acting Chief, S/TD/C

Work Assignment of 6 January 1958 on "Exceptions to Security Controls - Principles and Procedures".

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1. S/TD/C analysts have carefully reviewed the attached [redacted] draft entitled "Exceptions to Security Controls - Principles and Procedures", which represents a clarification and revision of the exception procedures governing embargo items contained in COCOM documents 471 and 1473.

2. S/TD/C analysts generally agree with the proposed changes and recommendations, the most important of which are:

a. Tighter quid-pro-quo requirements for exceptions to the embargo which are not covered by prior commitments, minimum shipments, servicing, or accident of definition provisions. Such exceptions must be justified on the grounds that the commodities to be received in exchange are so essential that their loss would have a significantly adverse impact on the basic economy, or that these commodities are clearly essential to the military-industrial potential of the country, and that they can not be procured on reasonable terms from other free world sources. (See attachment, paragraph 2.)

b. Explicit restriction of "prior commitment" exceptions to initial trade agreements or contracts. When erstwhile "prior commitment" embargo items are included in trade agreement extensions or repeat orders, they must qualify as embargo exceptions on their own merits. (See attachment, paragraph 7.)

c. Decisions by majority vote rather than by unanimity in certain cases involving minimum shipments and servicing exceptions procedures. This would represent the first departure from the unanimity rule which had previously governed all COCOM decisions. (See attachment, paragraphs 8 and 9.)

3. The revised exceptions procedure for embargo items will not affect the intelligence support traditionally rendered by CIA for this purpose.

4. The majority of S/TD/C analysts suggests that the manner and timing of introducing the proposed revisions in the exceptions procedure be left to the negotiators, on the assumption that they will

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be best able to judge the likely impact of such revisions and effect thereof on other negotiation objectives. One S/TD/C analyst, however, suggests that the revision of exceptions procedures be discussed and adopted prior to any substantive discussion of embargo lists. The rationale for this recommendation is the fact that the precise nature of exceptions provisions may well influence the position of different Participating Countries on the retention or deletion of individual embargo items.

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Attachment
a/s

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